

# 2009 Annual Report

Operation of  
Finance Companies  
Licensed under the  
California Finance  
Lenders Law

State of  
California

Business,  
Transportation and  
Housing Agency

Department of  
Corporations





STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CORPORATIONS

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This Report is a composite of annual reports of California's lender and broker licensees for the calendar year ended December 31, 2009 submitted in compliance with Section 22159 of the California Finance Lenders Law.

This Report is based on unaudited data presented by licensees and submitted in a format prescribed by the Department of Corporations. While the format of the financial information presented in the Report follows that of conventional financial statements, the reader should be aware that the data contained herein is primarily statistical in nature.

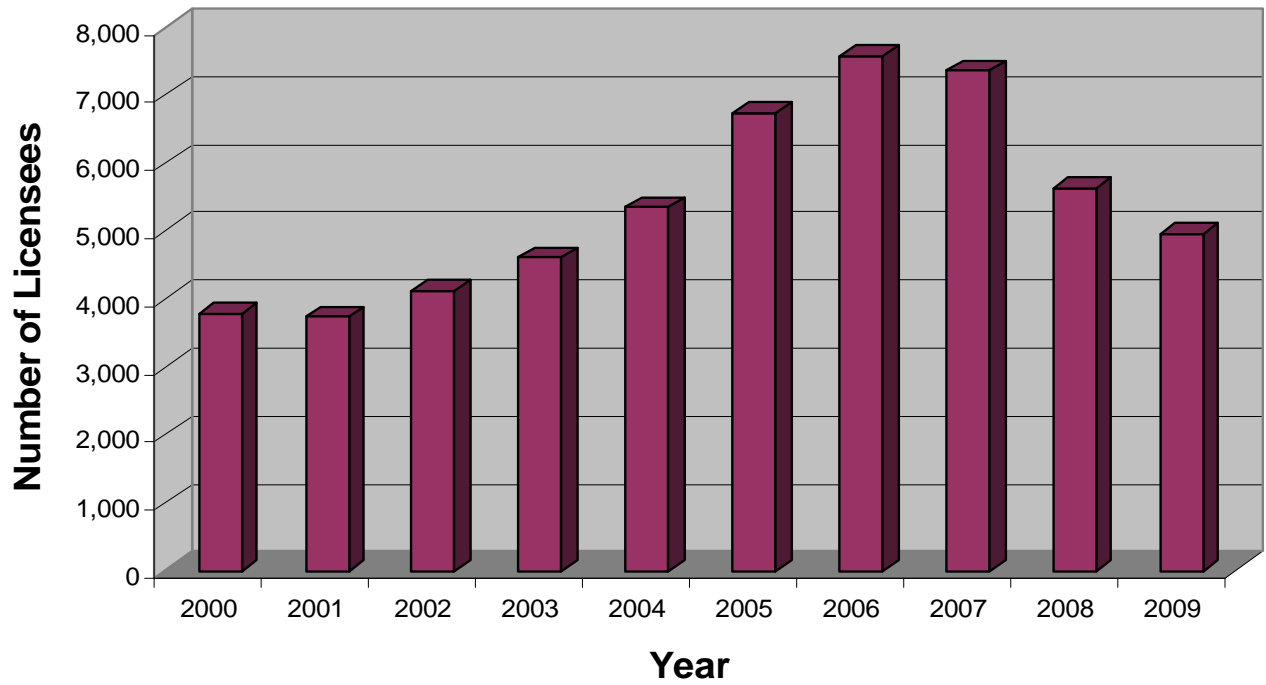
Statistical data compilations required of licensees have been modified to provide more meaningful statistics. Comparison of such data with prior years will be left to the reader.

### **Historical Data**

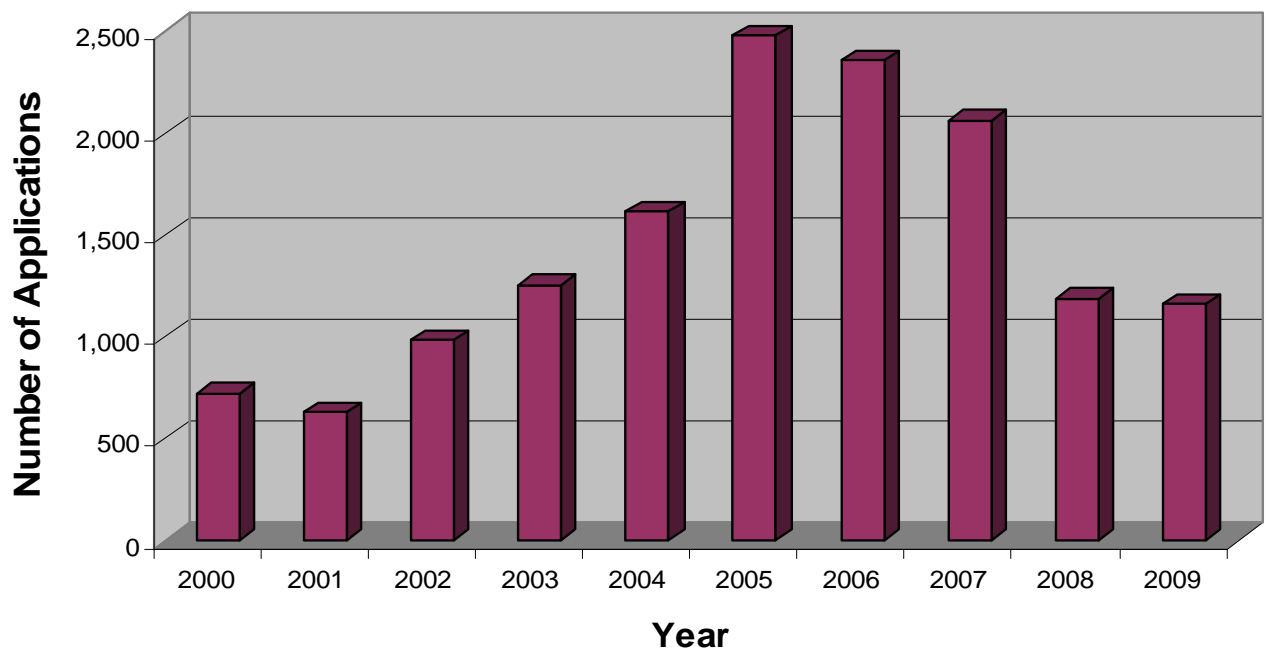
The table below shows the number of licensed California Finance Lenders (including branches) at the end of each calendar year, and the number of license applications received each year for the last 10 years.

<b>Year</b>	<b>Number of Licensees</b>	<b>Number of Applications</b>
2009	4,964	1,097
2008	5,618	1,188
2007	7,358	2,065
2006	7,577	2,358
2005	6,725	2,480
2004	5,342	1,618
2003	4,608	1,258
2002	4,110	984
2001	3,732	628
2000	3,789	726

## Number of Licensees for the Last 10 Years



## Number of Applications Received

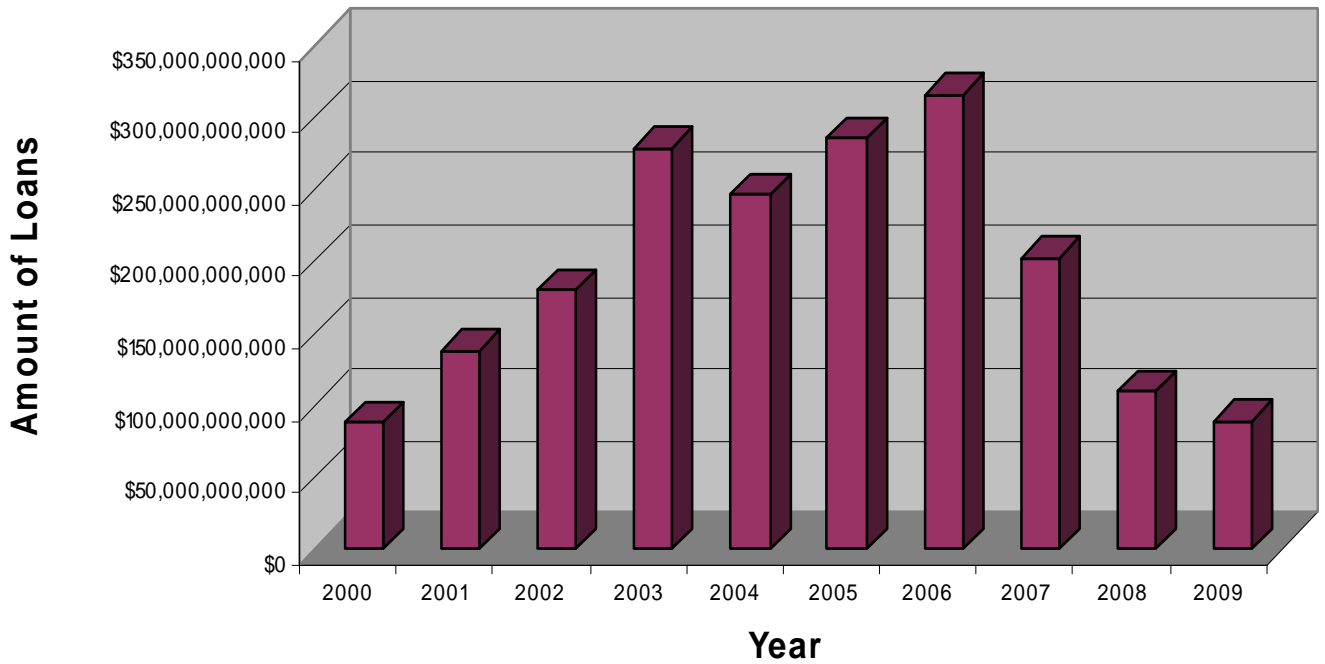


## Analysis of Loans Made Under the CFLL License for the Last 10 Years

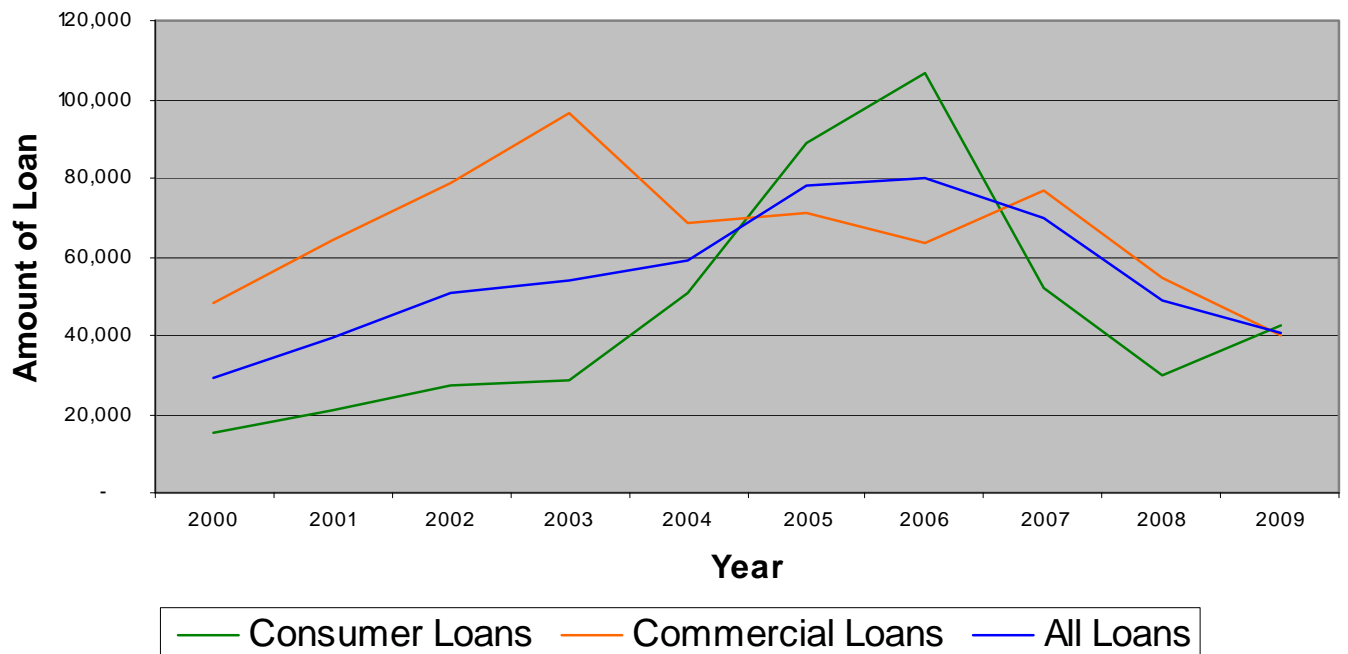
CALIFORNIA FINANCE LENDERS					
Calendar Year	Number of Loans Made	Principal Amount of Loans Made	Average Size of Loans Made		
			Consumer Loans	Commercial Loans	All Loans
2009	2,207,881	89,287,544,941	42,814	39,932	40,440
2008	2,249,716	110,013,356,592	30,138	54,460	48,901
2007	2,893,697	202,350,867,103	52,331	76,851	69,928
2006	3,940,311	315,492,843,743	106,657	63,574	80,068
2005	3,653,036	285,178,701,531	88,605	70,803	78,066
2004	4,167,772	246,616,649,910	50,861	68,536	59,172
2003	5,140,316	278,153,215,784	28,264	96,559	54,112
2002	3,522,892	179,873,083,672	27,363	78,928	51,058
2001	3,530,073	137,947,617,838	20,699	64,389	39,078
2000	3,006,443	87,886,670,201	15,456	48,173	29,233

## Comparison of the Principal Dollar Amount of Loans Made

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## Comparison of Average Size of Loans Made



**Exhibit A**  
**California Finance Lenders**  
**Consolidated Balance Sheet**  
**as of December 31, 2009**  
**(in thousands)**

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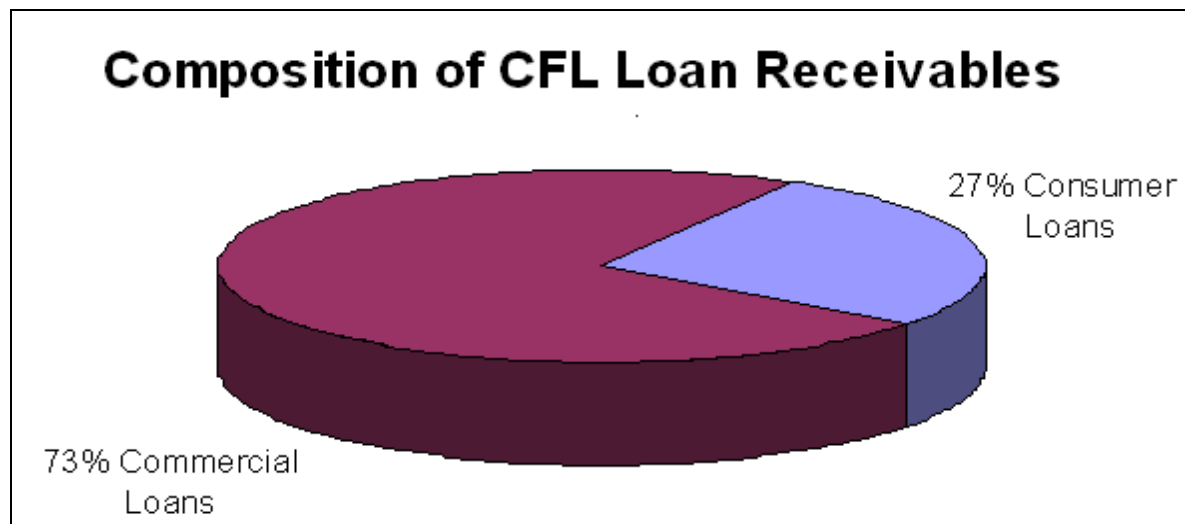
<b><u>ASSETS</u></b>		<b><u>% of Total Assets</u></b>
Cash	\$ 87,059,019	3.61
Investments	537,353,254	22.26
California Finance Lenders Loan Receivables	71,119,728	2.95
Other Receivables	981,490,726	40.65
Reserves and Withholds by Banks and Finance Companies	2,237,881	0.09
Real and Personal Property (Net)	62,225,706	2.58
Prepaid Expenses and Deferred Charges	12,089,842	0.50
Commissions Receivables	70,508	0.00
Other Assets	<u>660,418,909</u>	<u>27.36</u>
Total Assets	<u>\$ 2,414,065,573</u>	<u>100.00</u>

<b><u>LIABILITIES AND NET WORTH</u></b>		<b><u>% of Total Liabilities and Net Worth</u></b>
Loans and Notes Payable from Third Parties	\$ 550,183,171	22.79
Loans and Notes Payable from Parent Companies, Affiliates, etc.	358,437,588	14.84
Bonds, Debentures, and Certificates of Indebtedness	310,434,481	12.86
Accounts Payable	37,098,172	1.54
Dealers Reserves and Withholds	2,203,067	0.09
Accrued Taxes Other Than Income Tax	5,944,006	0.25
Reserve for Income Taxes	30,564,339	1.27
Credit Insurance Premiums Due Insurer	5,824	0.00
Other Liabilities and Accruals	<u>760,722,537</u>	<u>31.51</u>
Total Liabilities	2,055,593,185	85.15
Net Worth	<u>358,472,388</u>	<u>14.85</u>
Total Liabilities and Net Worth	<u>\$ 2,414,065,573</u>	<u>100.00</u>



**Exhibit B**  
**California Finance Lenders**  
**Analysis of Loans and Receivables Outstanding**  
**as of December 31, 2009**  
**(in thousands)**

	Aggregate Balance	% of Subtotal
<b><u>CALIFORNIA FINANCE LENDERS LOAN RECEIVABLES</u></b>		
Consumer Loans	\$ 20,350,532	26.99
Commercial Loans	55,049,569	73.01
Subtotal	\$ 75,400,101	<u>100.00</u>
Less: Unearned Pre-computed Charges	1,069,242	
Allowance for Bad Debts	3,211,131	
Net California Finance Lenders Loan Receivables	<u>\$ 71,119,728</u>	
<b><u>OTHER RECEIVABLES</u></b>		
Sales Contracts	\$ 294,520,663	29.11
Leases (True Leases)	94,742,958	9.36
Factoring	7,142,626	0.71
Other	615,386,982	60.82
Subtotal	\$ 1,011,793,229	<u>100.00</u>
Less: Unearned Pre-computed Charges and Discounts	10,706,612	
Allowance for Bad Debts	19,595,891	
Net Other Receivables	<u>\$ 981,490,726</u>	



**Exhibit C**  
**California Finance Lenders**  
**Statement of Income and Expenses**  
**for Calendar Year 2009**  
**(in thousands)**

		<u>% of Total Income</u>
<b><u>INCOME</u></b>		
Gross Income from California Finance Lenders Loans and California Finance Lenders Brokered Loans	\$ 5,596,789	1.80
Gross Income from All Other Business and Sources	<u>311,347,248</u>	<u>98.20</u>
Total Gross Income	<u>\$ 316,944,037</u>	<u>100.00</u>
<b><u>EXPENSES</u></b>		
Loss on Loans Receivable	\$ 8,381,424	2.64
Professional Audit and Accounting Services	1,585,400	0.50
Insurance and Bond Premiums	1,619,399	0.51
Legal Services and Expenses	1,144,385	0.36
Occupancy Expenses	2,671,001	0.84
Provision for Bad Debt Allowance	27,662,025	8.73
Salaries and Bonuses: Employees	28,491,375	8.99
Salaries and Bonuses: Owners, Partners, Executives	465,204	0.15
Depreciation	24,118,400	7.61
License Fees and Taxes	(4,052,639) *	(1.28)
Telephone and Utilities	899,773	0.28
Advertising and Promotions	1,066,093	0.34
Other Expenses	<u>182,899,029</u>	<u>57.71</u>
Total Expenses before Interest and Income Taxes	<u>\$ 276,950,869</u>	<u>87.38</u>
Income or (Loss) before Interest and Income Taxes	\$ 39,993,168	12.62
Less: Interest Paid to Bona Fide Third Parties	40,119,813	12.66
Interest Paid to Parent Company, Affiliates and Others	<u>14,834,418</u>	<u>4.68</u>
Income or (Loss) before Income Taxes	\$ (14,961,063)	(4.72)
Less: Provision for Income Taxes	<u>(308,164)</u>	<u>(0.10)</u>
Net Income or (Loss)	<u>\$ (14,652,899)</u>	<u>(4.62)</u>

\* A large company reported a tax credit of \$4.4 Billion.

**Exhibit D**  
**California Finance Lenders**  
**Analysis of Income Received**  
**For Calendar Year 2009**  
**(in thousands)**

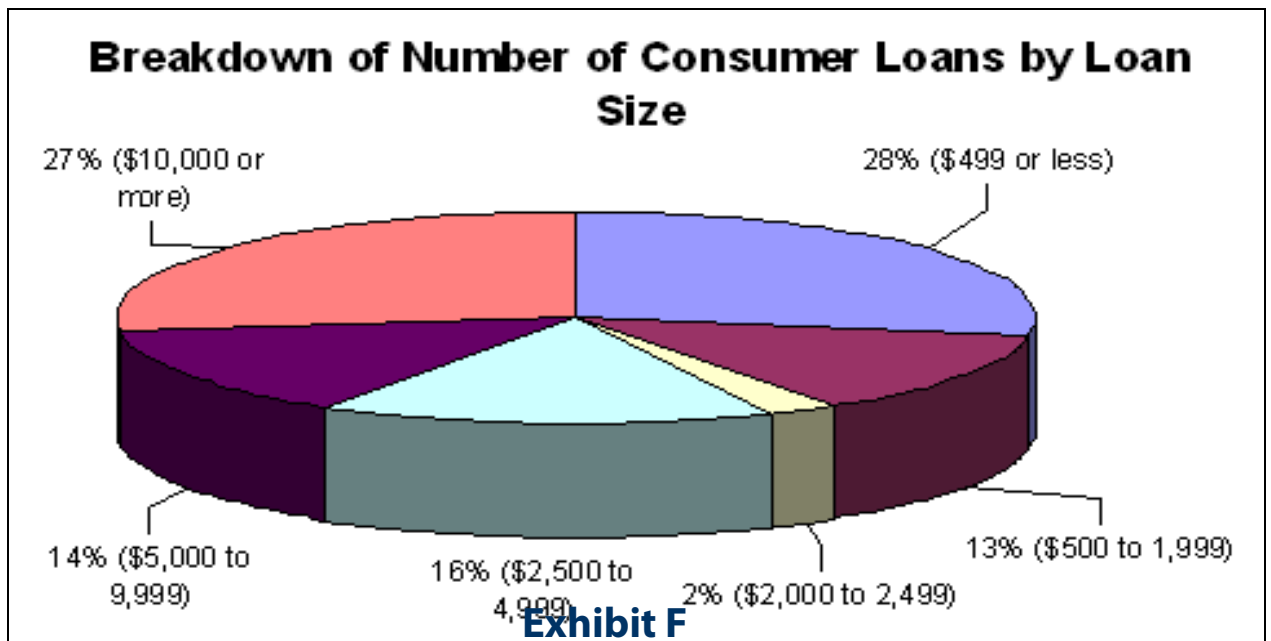
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<b>CFL LOANS AND CFL BROKERED LOANS</b>	Loans Under \$2,500	Loans \$2,500 and Over	Total
<b><u>CONSUMER LOANS</u></b>			
Charges Earned on Loans	\$ 27,619	\$ 1,578,885	\$ 1,606,504
Collection from Charged Off Accounts	1,284	60,479	61,763
Income from Credit Insurance	3	100	103
Other Insurance Commissions	3	1,921	1,924
Administrative Fees	310	67,564	67,874
Commissions from Loan Brokering	693	36,084	36,777
Other Income	67	106,584	106,651
Income from Consumer Loans	<u>\$ 29,979</u>	<u>\$ 1,851,617</u>	<u>\$ 1,881,596</u>
<b><u>COMMERCIAL LOANS</u></b>			
Charges Earned on Loans			\$ 3,468,096
Collection from Charged Off Accounts			42,189
Income from Credit Insurance			1
Other Insurance Commissions			105
Commissions from Loan Brokering			8,041
Other Income			196,761
Income from Commercial Loans			<u>\$ 3,715,193</u>
Total Income from All Loans			<u>\$ 5,596,789</u>
<b><u>ALL OTHER BUSINESS AND SOURCES</u></b>			
Charges Earned on Loans			\$ 77,867,081
Other Interest or Return on Investments			14,282,637
Collection from Charged Off Accounts			591,731
Income from Credit Insurance			1,979
Other Insurance Commissions			37,728
Other Income Relating to Loans			218,566,092
Total Income from All Other Business and Sources			<u>\$ 311,347,248</u>

**Exhibit E**  
**California Finance Lenders**  
**Loans Made or Refinanced By Size**  
**For Calendar Year 2009**

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Size of Loan	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>CONSUMER LOANS</u></b>				
\$ 499 or less	108,035	27.76	\$ 42,151	0.25
500 to 1,999	50,046	12.86	57,604	0.35
2,000 to 2,499	9,184	2.36	20,573	0.12
2,500 to 4,999	63,345	16.28	213,838	1.28
5,000 to 9,999	52,511	13.49	374,172	2.25
10,000 or more	106,018	27.25	15,952,357	95.75
Total Consumer Loans Made	<u>389,139</u>	<u>100.00</u>	<u>\$ 16,660,695</u>	<u>100.00</u>
<b><u>COMMERCIAL LOANS</u></b>				
\$5,000 or more	<u>1,818,742</u>	<u>100.00</u>	<u>\$ 72,626,850</u>	<u>100.00</u>
Total Commercial Loans Made	<u>1,818,742</u>	<u>100.00</u>	<u>\$ 72,626,850</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,207,881</u>		<u>\$ 89,287,545</u>	



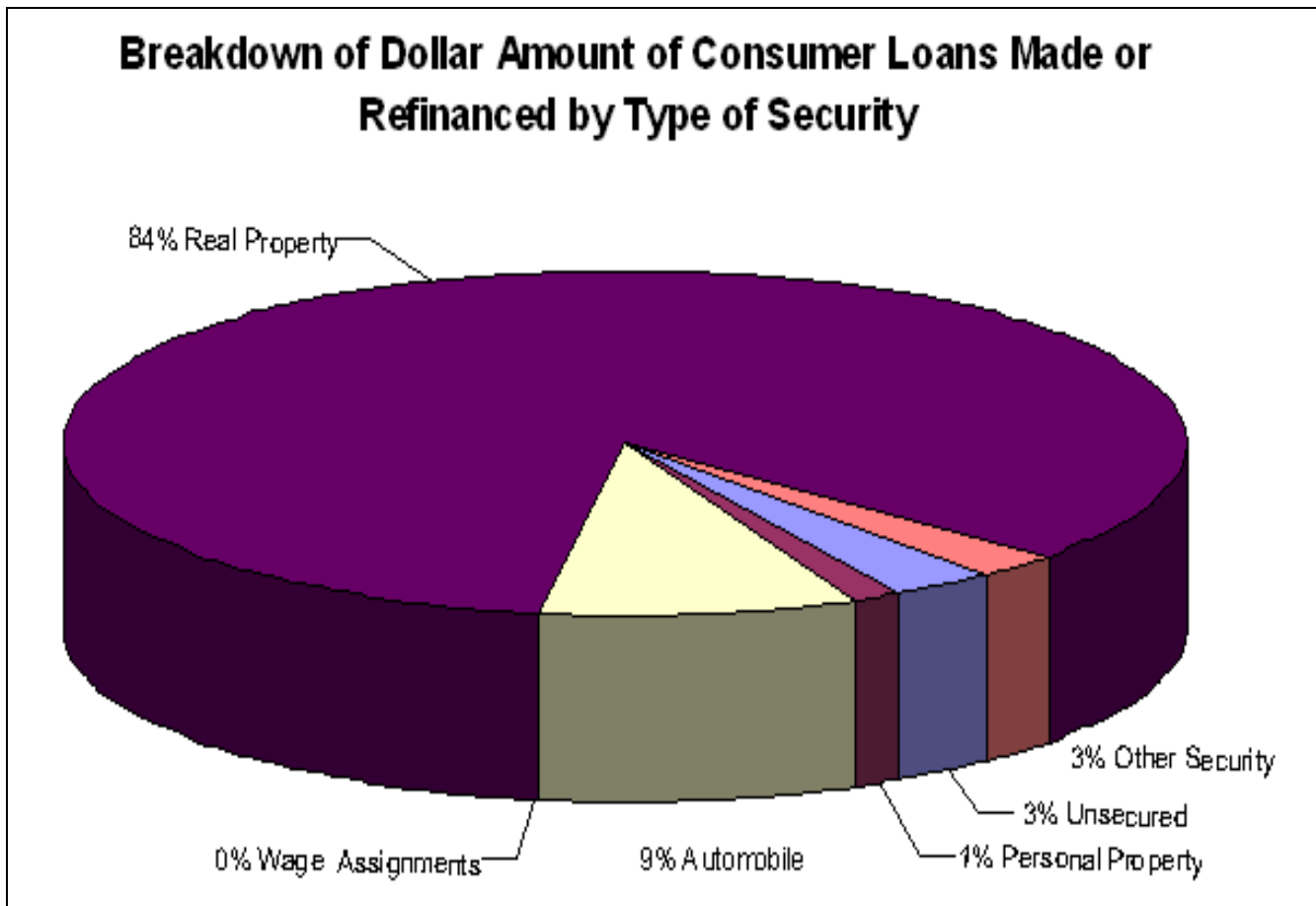
**California Finance Lenders**  
**Loans Made or Refinanced By Type of Security**  
**for Calendar Year 2009**

## Exhibit F (Continued)

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>CONSUMER LOANS</u></b>				
<b><u>LOANS UNDER \$2,500</u></b>				
Unsecured	151,991	90.87	\$ 98,772	82.09
Personal Property	3,086	1.84	5,344	4.44
Automobiles & Other Motor Vehicles	4,767	2.85	8,301	6.90
Wage Assignments	14	0.01	16	0.01
Other Security	7,407	4.43	7,895	6.56
Total Loans Made	<u>167,265</u>	<u>100.00</u>	<u>\$ 120,328</u>	<u>100.00</u>
<b><u>LOANS OF \$2,500 TO \$4,999</u></b>				
Unsecured	29,480	46.54	\$ 100,071	46.80
Personal Property	9,500	15.00	34,318	16.05
Automobiles & Other Motor Vehicles	20,991	33.14	69,162	32.34
Wage Assignments	1,034	1.63	3,155	1.48
Other Security	2,340	3.69	7,132	3.33
Total Loans Made	<u>63,345</u>	<u>100.00</u>	<u>\$ 213,838</u>	<u>100.00</u>
<b><u>LOANS OF \$5,000 TO \$9,999</u></b>				
Unsecured	27,882	53.10	\$ 198,688	53.10
Personal Property	10,587	20.16	76,777	20.52
Automobiles & Other Motor Vehicles	13,713	26.11	96,462	25.78
Wage Assignments	6	0.01	64	0.02
Real Property	127	0.24	860	0.23
Other Security	196	0.38	1,321	0.35
Total Loans Made	<u>52,511</u>	<u>100.00</u>	<u>\$ 374,172</u>	<u>100.00</u>
<b><u>LOANS OF \$10,000 AND MORE</u></b>				
Unsecured	4,922	4.64	\$ 117,446	0.74
Personal Property	6,268	5.91	99,021	0.62
Automobiles & Other Motor Vehicles	43,908	41.42	1,346,697	8.44
Wage Assignments	0	0.00	0	0.00
Real Property	48,523	45.77	13,986,250	87.67
Other Security	2,397	2.26	402,943	2.53
Total Loans Made	<u>106,018</u>	<u>100.00</u>	<u>\$ 15,952,357</u>	<u>100.00</u>
Total Consumer Loans Made	<u>389,139</u>		<u>\$ 16,660,695</u>	

**California Finance Lenders  
Loans Made or Refinanced By Type of Security  
for Calendar Year 2009**

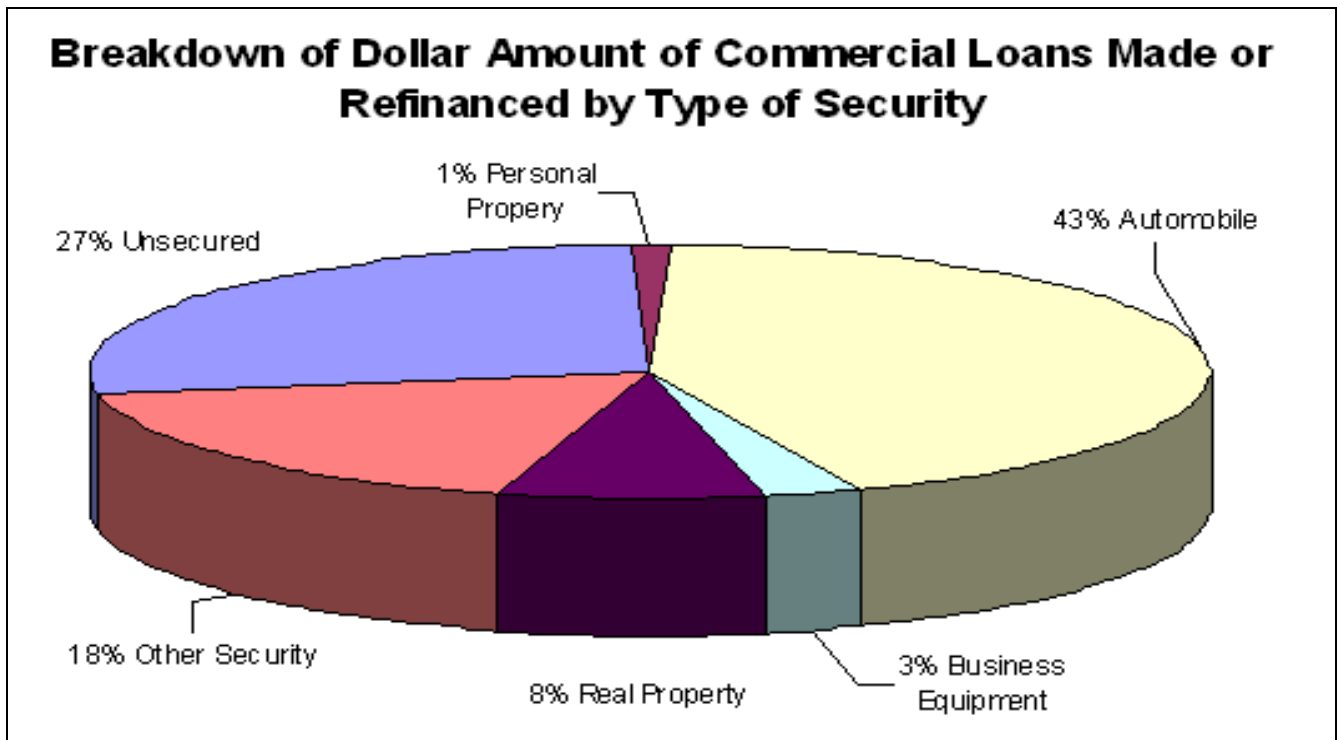
Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>ALL CONSUMER LOANS</u></b>				
Unsecured	214,275	55.06	\$ 514,977	3.09
Personal Property	29,441	7.57	215,460	1.29
Automobiles & Other Motor Vehicles	83,379	21.43	1,520,622	9.13
Wage Assignments	1,054	0.27	3,235	0.02
Real Property	48,650	12.50	13,987,110	83.95
Other Security	12,340	3.17	419,291	2.52
Total Consumer Loans Made	<u>389,139</u>	<u>100.00</u>	<u>\$ 16,660,695</u>	<u>100.00</u>



**Exhibit F (Continued)**

**California Finance Lenders  
Loans Made or Refinanced By Type of Security  
for Calendar Year 2009**

Type of Security	Number of Loans	% of Total Number	Principal Amount (in thousands)	% of Total Amount
<b><u>COMMERCIAL LOANS</u></b>				
Unsecured	73,940	4.07	\$ 19,732,033	27.17
Personal Property	832	0.05	936,221	1.29
Automobiles & Other Motor Vehicles	1,268,253	69.73	31,439,232	43.29
Business Equipment	14,461	0.80	1,932,490	2.66
Real Property	3,964	0.22	5,592,897	7.70
Other Security	457,292	25.13	12,993,977	17.89
Total Commercial Loans Made	<u>1,818,742</u>	<u>100.00</u>	<u>\$ 72,626,850</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,207,881</u>		<u>\$ 89,287,545</u>	



**Exhibit G**

**California Finance Lenders**  
**Loans Made or Refinanced by Interest Rates Charged**  
**for Calendar Year 2009**

<u>Rates Charged</u>	<u>Number of Loans</u>	<u>% of Total Number</u>	<u>Principal Amount (in thousands)</u>	<u>% of Total Amount</u>
<b><u>CONSUMER LOANS</u></b>				
<b><u>LOANS UNDER \$2,500</u></b>				
Step Rate:				
2.5, 2, 1.5, 1% per month	101,737	60.82	\$ 24,607	20.45
Alternate Rate:				
1.6% per month	13	0.01	23	0.02
Federal Reserve Bank Rate plus 10%	0	0.00	0	0.00
Other Rates:				
Up to 14.999 APR	15,608	9.33	40,374	33.55
15.000 to 19.999 APR	10,051	6.01	10,678	8.87
20.000 to 24.999 APR	7,817	4.67	12,892	10.72
25.000 to 29.999 APR	13,355	7.98	13,985	11.62
30.000 to 34.999 APR	4,010	2.40	4,806	4.00
35.000 to 39.999 APR	10,110	6.04	8,145	6.77
40.000 to 99.999 APR	4,441	2.66	4,610	3.83
100.000 or More APR	13	0.01	24	0.02
Variable Rates Based on Index	110	0.07	184	0.15
Total Loans Made	<u>167,265</u>	<u>100.00</u>	<u>\$ 120,328</u>	<u>100.00</u>
<b><u>LOANS OF \$2,500 TO \$4,999</u></b>				
Up to 14.999 APR	2,418	3.82	\$ 7,796	3.65
15.000 to 19.999 APR	6,282	9.92	23,125	10.81
20.000 to 24.999 APR	9,667	15.26	35,373	16.54
25.000 to 29.999 APR	14,583	23.02	53,751	25.14
30.000 to 34.999 APR	6,823	10.77	22,861	10.69
35.000 to 39.999 APR	947	1.49	3,093	1.45
40.000 to 99.999 APR	13,878	21.91	42,397	19.82
100.000 or More APR	7,805	12.32	22,239	10.40
Variable Rates Based on Index	942	1.49	3,203	1.50
Total Loans Made	<u>63,345</u>	<u>100.00</u>	<u>\$ 213,838</u>	<u>100.00</u>

**Exhibit G (Continued)**  
**California Finance Lenders**  
**Loans Made or Refinanced by Interest Rates Charged**  
**for Calendar Year 2009**

<u>Rates Charged</u>	<u>Number of Loans</u>	<u>% of Total Number</u>	<u>Principal Amount (in thousands)</u>	<u>% of Total Amount</u>
<u>LOANS OF \$5,000 TO \$9,999</u>				
Up to 14.999    APR	2,911	5.54	\$      22,007	5.88
15.000 to 19.999   APR	5,716	10.89	42,888	11.46
20.000 to 24.999   APR	18,795	35.79	134,952	36.07
25.000 to 29.999   APR	18,413	35.07	130,685	34.93
30.000 to 34.999   APR	3,959	7.54	26,948	7.20
35.000 to 39.999   APR	709	1.35	4,458	1.19
40.000 to 99.999   APR	1,345	2.56	8,268	2.21
100.000 or More   APR	663	1.26	3,966	1.06
Variable Rates Based on Index	0	0.00	0	0.00
Total Loans Made	<u>52,511</u>	<u>100.00</u>	<u>\$      374,172</u>	<u>100.00</u>
<u>LOANS OF \$10,000 AND MORE</u>				
Up to 14.999    APR	87,503	82.54	\$    14,590,797	91.46
15.000 to 19.999   APR	5,879	5.54	122,643	0.77
20.000 to 24.999   APR	6,654	6.28	85,225	0.54
25.000 to 29.999   APR	3,381	3.19	39,926	0.25
30.000 to 34.999   APR	618	0.58	7,215	0.05
35.000 to 39.999   APR	6	0.01	336	0.00
40.000 to 99.999   APR	314	0.30	6,269	0.04
100.000 or More   APR	443	0.41	113,862	0.71
Variable Rates Based on Index	1,220	1.15	986,084	6.18
Total Loans Made	<u>106,018</u>	<u>100.00</u>	<u>\$    15,952,357</u>	<u>100.00</u>
Total Consumer Loans Made	<u>389,139</u>		<u>\$    16,660,695</u>	

**Exhibit G (Continued)**  
**California Finance Lenders**  
**Loans Made or Refinanced by Interest Rates Charged**  
**for Calendar Year 2009**

14

<u>Rates Charged</u>	<u>Number of Loans</u>	<u>% of Total Number</u>	<u>Principal Amount (in thousands)</u>	<u>% of Total Amount</u>
<b><u>COMMERCIAL LOANS</u></b>				
Up to 14.999	50,129	2.75	\$ 31,721,333	43.68
15.000 to 19.999	18,916	1.04	906,842	1.25
20.000 to 24.999	1,464	0.08	207,767	0.28
25.000 to 29.999	485	0.03	51,071	0.07
30.000 to 34.999	298	0.02	31,855	0.04
35.000 to 39.999	1,086	0.06	72,459	0.10
40.000 to 99.999	61,619	3.39	45,052	0.06
100.000 or More	2,261	0.12	832,410	1.15
Variable Rates Based on Index	<u>1,682,484</u>	<u>92.51</u>	<u>38,758,061</u>	<u>53.37</u>
Total Commercial Loans Made	<u>1,818,742</u>	<u>100.00</u>	<u>\$ 72,626,850</u>	<u>100.00</u>
Total Loans Made, All Categories	<u>2,207,881</u>		<u>\$ 89,287,545</u>	



California Department of Corporations

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Materials presented in this report are a collective effort of the staff of the California Department of Corporations.



**California Department of Corporations**

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